

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

1440 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-2111

TEL: (202) 371-7000

FAX: (202) 393-5760

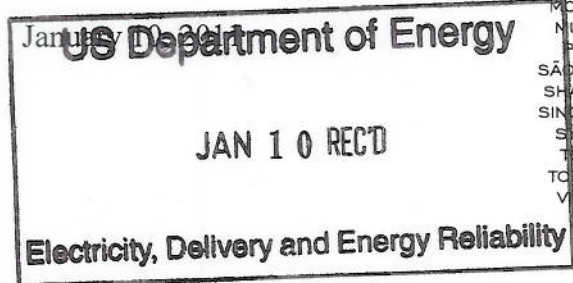
www.skadden.com

FIRM/AFFILIATE OFFICES

BOSTON
CHICAGO
HOUSTON
LOS ANGELES
NEW YORK
PALO ALTO
SAN FRANCISCO
WILMINGTON

BEIJING
BRUSSELS
FRANKFURT
HONG KONG
LONDON
MOSCOW
MUNICH
PARIS
SAO PAULO
SHANGHAI
SINGAPORE
SYDNEY
TOKYO
TORONTO
VIENNA

DIRECT DIAL
202-371-7478
DIRECT FAX
202-393-5760
EMAIL ADDRESS
GLORENZ@SKADDEN.COM



Anthony J. Como
Director, Permitting and Siting
Office of Electric Delivery and Energy
Reliability
United States Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585


RE: Application of Ontario Power Generation Inc. for Renewal of
Authority to Transmit Electric Energy to Canada

Dear Mr. Como:

On behalf of Ontario Power Generation Inc., we hereby submit for filing an original and fifteen (15) conformed copies of an Application for Renewal of Authority to Transmit Electric Energy to Canada. In addition, we enclose a check in the amount of \$500.00 payable to the Treasurer of the United States, as payment of the filing fee required by 10 C.F.R. § 205.309.

Please date-stamp the two (2) extra copies and return them to our messenger for our files.

Respectfully submitted,


Jerry L. Pfeffer
Energy Industries Advisor

Enclosures

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ONTARIO POWER GENERATION INC.) DOCKET NO. EA-_____

APPLICATION OF ONTARIO POWER GENERATION INC.
FOR RENEWAL OF AUTHORITY TO TRANSMIT
ELECTRIC ENERGY TO CANADA

Pursuant to section 202(e) of the Federal Power Act ("FPA"), 16 U.S.C. § 824a(e), and 10 C.F.R. § 205.300, *et seq.*, Ontario Power Generation Inc. ("OPG"), hereby submits this application for a five-year extension of its blanket authorization to export electricity from the United States to Canada, previously granted by the Department of Energy ("DOE") on June 21, 2006 in *Ontario Power Generation Inc.*, Order No. EA-290-A (June 21, 2006) ("2006 Order"). OPG requests that this authorization be made effective no later than June 21, 2011, the date on which its current authority to export electricity from the United States to Canada expires, to prevent any lapse in authority.¹

I. DESCRIPTION OF APPLICANT

The exact legal name of the Applicant is Ontario Power Generation Inc. OPG is an Ontario corporation having its principal place of business at Toronto, Ontario, Canada. OPG was formed pursuant to section 53 of the Electricity Act (1998), and was incorporated under the Business Corporations Act (Ontario). All of the outstanding shares of OPG are held in the name of the provincial Government of Ontario.

OPG operates a number of power generating facilities in Ontario, some of which are owned by OPG and some by various subsidiary corporations. OPG does not own or control any transmission or distribution assets and does not have a franchised service area in either the United States or Canada.² OPG purchases energy and capacity in the United States *exclusively for export and resale in Canada* but does not make any sales in the United States. While OPG itself does not make any electricity sales in the United States,

¹ See 2006 Order at 12, para. K.

² Ontario Power Generation Energy Trading, Inc. ("OPGET"), the power marketing affiliate of OPG that is authorized to make market-based sales in the United States, also does not own or control any generation or transmission assets, and does not have a franchised service area in the United States.

OPGET does make market-based sales in the United States pursuant to FERC authorization.³

The transmission network and wholesale power market in Ontario is operated by the Independent Electricity System Operator (“IESO”), an Ontario corporation which is wholly-owned by the Government of Ontario. The IESO operates the Ontario transmission network pursuant to a tariff that has been determined to satisfy the reciprocity requirements of the *pro forma* open access tariff (“OATT”) issued by the Federal Energy Regulatory Commission (“FERC”) in connection with Order Nos. 888 and 890. In particular, the IESO tariff offers comparable and non-discriminatory access to all market participants seeking to deliver power to U.S. markets interconnected with the Ontario transmission network⁴

In the 2006 Order, the DOE authorized OPG to export electricity from the United States to Canada, subject to certain conditions, for a five-year period beginning June 21, 2006. OPG requests a five year extension of this authority, enabling OPG to continue exporting electricity from the United States to Canada through the existing transmission facilities at the border between the United States and Canada which are identified on Exhibit C to this Application.

³ OPGET’s predecessor entity received market-based rate authorization from FERC in *Ontario Energy Trading International Corp.*, 99 FERC ¶ 61,039, *reh’g denied*, 100 FERC ¶ 61,345 (2002), *reh’g denied*, 103 FERC ¶ 61,044 (2003), *petition for review denied sub nom. Consumers Energy Co. v. FERC*, 367 F.3d 915 (D.C. Cir. 2004). That entity’s authorization was transferred from Ontario Energy Trading International Corporation to OPGET in 2008 and OPGET continues as the only OPG entity making sales in the United States.

⁴ FERC determined that the transmission tariff and market rules administered by the IESO satisfied the *pro forma* OATT reciprocity requirements in 2002 when it granted market-based rate authority to OPGET’s predecessor entity. *See supra* note 3 and accompanying text. That finding was recently affirmed when the Commission approved OPGET’s triennial market power update, including a representation that the IESO satisfied Commission reciprocity requirements for open-access transmission service. *See Ont. Power Energy Trading Int’l*, FERC Docket No. ER08-580-001, Letter Order (Jan. 29, 2009).

II. COMMUNICATIONS

All correspondence and communications regarding this Application should be addressed to the following:

Andrew Barrett
Vice President, Regulatory Affairs
and Corporate Strategy
Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Canada
(416) 592- 4463
(416) 592-8519 (fax)

Jerry L. Pfeffer,*
Energy Industries Advisor.
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, DC 20005
(202) 371-7009
(202) 661-9053 (fax)
jpfeffer@skadden.com

*Contact for questions or clarifications

III. JURISDICTION

There is no other Federal, State or local government agency in the United States having jurisdiction over the actions to be taken under the specific export authorization sought in this Application.

IV. TECHNICAL DISCUSSION OF PROPOSED AUTHORIZATION

Section 202(e) of the FPA and the DOE's regulations provide that exports should be allowed unless the proposed export would impair the sufficiency of electric power supply within the United States or would tend to impede the coordinated use of the United States power supply network. 16 U.S.C. § 824a(e). OPG seeks blanket authority to transmit electric power to Canada as a power marketer. OPG has no electric power supply system on which the proposed exports could have a reliability, fuel use or system stability impact. OPG also has no native load obligations usually associated with a franchised service area. OPG will purchase the power to be exported from a variety of sources such as RTOs, ISOs, power marketers, independent power producers or electric utilities and Federal power marketing agencies as those terms are defined in sections 3(29), 3(28), 3(22) and 3(19) of the FPA. 16 U.S.C. § 796(19), (22), (28), (29). By definition, such power is surplus to the system of the generator and therefore the electric power that OPG will export, on either a firm or interruptible basis, will not impair the sufficiency of the electric power supply within the United States, the relevant criterion under FPA section 202(e) governing power export authorizations.

OPG will make all necessary commercial arrangements and will obtain any and all other regulatory approvals required in order to schedule and deliver any power exports. All of the electricity exported by OPG will be transmitted pursuant to arrangements with public utilities that own and/or operate existing transmission facilities and will be consistent with the export limitations and other terms and conditions contained in the existing Presidential Permits and electricity export authorizations associated with these transmission facilities as shown in Exhibit C. OPG will schedule its transactions with the

appropriate balancing authority areas in compliance with the reliability criteria, standards and guidelines of the North American Electric Reliability Council ("NERC") and its member regional councils in effect at the time of export.

In scheduling exports over the border facilities listed in Exhibit C, OPG will obtain sufficient transmission capacity to wheel the exported power to and through the relevant border system. In doing so, OPG will be using domestic transmission facilities for which open-access tariffs have been accepted by FERC, making reservations for transmission service in accordance with the transmission provider's Open-Access Same-Time Information System ("OASIS"), and scheduling deliveries of the export with the appropriate Regional Transmission Organization(s) ("RTO"), Independent System Operator(s) ("ISO"), and/or balancing authority area ("BAA") operator(s). The posting of transmission capacity on the OASIS of a BAA or transmission provider indicates that transmission capacity is available and acceptance of the reservation confirms that the transmission service requested by OPG can be provided. Furthermore, it is the responsibility of the relevant RTO, ISO, and/or BAA operator to schedule the delivery of the export consistent with established operational reliability criteria.

During each step of the process whereby OPG will request and obtain transmission service for power exports to Canada, the owners and/or operators of the relevant transmission facilities will evaluate the impact of the service request on the relevant domestic transmission system(s) and schedule the power to be exported only if such power transfers can be undertaken in full compliance with all applicable operating and reliability standards. DOE has previously determined that existing industry procedures for obtaining transmission service over the interconnected bulk power system provide adequate assurances that a particular export will not cause an operational or reliability problem. Thus, DOE conditions all export authorizations to ensure that any power exports pursuant to such authorization would not cause operating parameters on regional transmission systems to fall outside of established industry criteria or cause or exacerbate a transmission operating problem on the U.S. bulk power supply system.⁵

In determining the operational and reliability impacts of transmitting a proposed power export through a border system and across the border, DOE relies on the engineering and technical studies that were performed in support of electricity export authorizations issued to that border system. OPG submits that reliance upon these historical studies in this docket continues to provide a sound basis upon which to grant the requested export authorization and that DOE need not perform additional impact assessments here, provided the maximum rate of transmission for all exports through a border system does not exceed the authorized limit of the system. For exports over international transmission facilities listed in Exhibit C that are not jurisdictional under FPA section 202(2) and for which operational reliability studies have been not been performed in support of export authorization requests, OPG requests that DOE rely upon

⁵ See, e.g., 2006 Order at 9-10, paras. C, D, and I.

the alternative technical studies DOE has relied upon in prior cases to determine the allowable transfer limits.⁶

In several recent export authorization orders,⁷ DOE has noted that as a consequence of changes in utility industry structure and operation, including the formation of RTOs and ISOs, the energy transfer limits identified in prior export authorization studies for certain border utilities may no longer correspond to the limits used in actual system operation and DOE's approach to the evaluation of operational reliability. DOE has stated that it will initiate studies of this matter in the future and make any corresponding adjustments to these transfer limits that would be applied simultaneously to all energy marketers with export authorization. OPG requests that the authorization requested herein be automatically updated to reflect any new transfer limits adopted by DOE as a result of these planned studies.

Finally, OPG requests that the DOE find that because any power exports it schedules in accordance with the terms of the requested authorization would take place over existing international transmission lines pursuant to authority identical to that previously granted, the authorization requested herein does not require the preparation of either an environmental impact statement or an environmental assessment pursuant to the National Environmental Policy Act of 1969.⁸

V. PROPOSED PROCEDURES

OPG proposes to export electricity through the existing transmission facilities at the border between Canada and the United States as described and identified in Exhibit C and will comply with the applicable requirements of the FERC, NERC and the export limitations associated with each facility. OPG commits to furnish quarterly reports to the DOE, within 30 days following each calendar quarter, showing the gross amount of electricity delivered and the consideration received during each month of the previous quarter and the maximum hourly rate of transmission across the United States border to Canada. OPG seeks a continuance of its blanket authorization for exports for a minimum period of five years, which may be extended upon further application to the DOE.

VI. INFORMATION PURSUANT TO REQUIRED EXHIBITS

The following information is provided pursuant to the required exhibits as set forth in DOE regulations (10 C.F.R. § 205.303):

⁶ See 2006 Order at 3-4.

⁷ See, e.g., *H.Q. Energy Servs. (U.S.) Inc.*, Order No. EA-182-C (July 19, 2010) at 4.

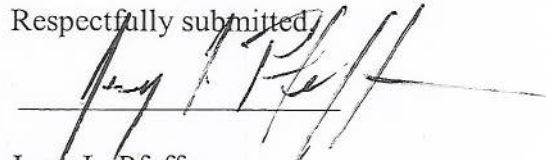
⁸ See 2006 Order at 5.

- Exhibit A: There are no specific agreements at this time under which electricity is to be transmitted for export into Canada. Therefore no agreements are filed herein.
- Exhibit B: Legal opinion of OPG's counsel is attached.
- Exhibit C: List of transmission facilities to be used for any exports undertaken pursuant to the requested authorization is attached.
- Exhibit D: Designation of domestic agent and verified copy of limited, irrevocable power of attorney is attached.
- Exhibit E: Neither OPG's corporate relationship with OPGET nor any existing contracts relate to the control or fixing of rates for the purchase, sale or transmission of electric energy in the United States.
- Exhibit F: Not applicable since OPG does not own or operate a utility system in the United States.

VII. CONCLUSION

WHEREFORE, OPG respectfully requests that DOE grant this Application for continued blanket authorization to export power from the United State to Canada with such authorization to become effective as of the date of expiration of OPG's existing authorization and on substantially the same terms and conditions recently granted by DOE to other electric power marketers.

Respectfully submitted,



Jerry L. Pfeffer,
Energy Industries Advisor
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, DC 20005
(202) 371-7009

Dated: January 10, 2011
Washington, D.C.

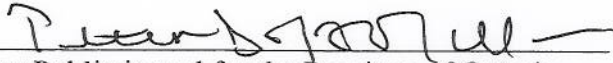
VERIFICATION

I, Bruce Boland, Senior Vice President, Corporate Affairs, being authorized to execute this verification and having knowledge of the matters set forth in the above Application of Ontario Power Generation Inc. for Renewal of Authority to Transmit Electric Energy to Canada, hereby verify that the contents thereof are true and correct to the best of my knowledge and belief.



Bruce Boland
Senior Vice President, Corporate Affairs

Subscribed and Sworn before me on this 5th day of January, 2011.



Notary Public in and for the Province of Ontario
My Commission never expires.

Exhibit B

LEGAL OPINION OF OPG COUNSEL

700 University Avenue Toronto, ON M5G 1X6

David Brennan
Senior Vice President, Law and General Counsel
Tel: 416-592-4566 Fax: 416-592-1466
david.brennan@opg.com

December 10, 2010

VIA COURIER

Office of Electricity Delivery and Energy Reliability
United States Department of Energy
Room 8G-025
1000 Independence Ave., S.W.
Washington, D.C. 20585-0340

Attention: Mr. Anthony J. Como, Director, Permitting and Siting

Dear Mr Como:

Re: Ontario Power Generation Inc. – Application for Renewal of Authority to Transmit Electric Energy to Canada

Pursuant to 18 C.F.R. § 205.303(b) of the regulations of the Department of Energy, I hereby provide a legal opinion regarding the corporate powers of Ontario Power Generation Inc. ("OPG") to export electricity to Canada.

I have examined the Certificate of Incorporation and by-laws of OPG and, based on my review of those documents, it is my opinion that:

1. The proposed importation and exportation of electricity is within the corporate powers of OPG, subject to Section 202(e) of the Federal Power Act, 16 U.S.C. § 824a(e); and
2. OPG has directed its officers and agents to take all necessary steps to comply with all pertinent Federal and State laws of the United States in connection with the actions to be undertaken pursuant to the above-referenced Application.

Yours very truly,



David Brennan
Senior Vice President Law and General Counsel

DB/sl

Exhibit C

BORDER TRANSMISSION FACILITIES

<u>Present Owner and Permittee</u>	<u>Facility Location</u>	<u>Voltage</u>	<u>Presidential Permit No.¹</u>
Bangor Hydro-Electric Company	Baileyville, ME	345-kV	PP-89
Basin Electric Power Cooperative	Tioga, ND	230-kV	PP-64
Bonneville Power Administration	Blaine, WA	2-500-kV	PP-10
	Nelway, WA	230-kV	PP-36
	Nelway, WA	230-kV	PP-46
Eastern Maine Electric Cooperative	Calais, ME	69-kV	PP-32
International Transmission Company	Detroit, MI	230-kV	PP-230
	Marysville, MI	230-kV	PP-230
	St. Claire, MI	230-kV	PP-230
	St. Claire, MI	345-kV	PP-230
Joint Owners of the Highgate Project	Highgate, VT	120-kV	PP-82
Long Sault, Inc.	Massena, NY	2-115-kV	PP-24
Maine Electric Power Company	Houlton, ME	345-kV	PP-43
Maine Public Service Company	Limestone, ME	69-kV	PP-12
	Fort Fairfield, ME	69-kV	PP-12
	Madawaska, ME	138-kV	PP-29
	Aroostook, ME	2-69-kV	PP-29
Minnesota Power, Inc.	International Falls, MN	115-kV	PP-78
Minnkota Power Cooperative	Roseau County, MN	230-kV	PP-61
Montana Alberta Tie, Ltd.	Cut Bank, MT	230-kV	PP-305 ²

¹ These Presidential permit numbers refer to the generic DOE permit number and are intended to include any subsequent amendments to the permit authorizing the facility.

² These transmission facilities have been authorized but not yet constructed or placed in operation.

New York Power Authority	Massena, NY	765-kV	PP-56
	Massena, NY	2-230-kV	PP-25
	Niagara Falls, NY	2-345-kV	PP-74
	Devils Hole, NY	230-kV	PP-30
Niagara Mohawk Power Corp.	Devils Hole, NY	230-kV	PP-190
Northern States Power Company	Red River, ND	230-kV	PP-45
	Roseau County, MN	500-kV	PP-63
	Rugby, ND	230-kV	PP-231
Sea Breeze Olympic Converter LP	Port Angeles, WA	± 450 -kV DC	PP-299 ³
Vermont Electric Power Co.	Derby Line, VT	120-kV	PP-66
Vermont Electric Transmission Co.	Norton, VT	± 450 -kV DC	PP-76

³ These transmission facilities have been authorized but not yet constructed or placed in operation.

Exhibit D

DOMESTIC AGENT AND POWER OF ATTORNEY

IRREVOCABLE LIMITED
POWER OF ATTORNEY

Be it known, I, Bruce Boland of Ontario Power Generation Inc., an Ontario Corporation ("Principal"), with its principal place of business at 700 University Avenue, Toronto, Ontario, M5G 1X6, Canada, do hereby grant a Limited Power of Attorney to my designated agent, CT Corporation system, 1025 Vermont Avenue, N.W., Washington, D.C. 2005 as my attorney-in-fact, for the purpose set forth herein ("Attorney-In-Fact").

The Attorney-In-Fact shall have the limited power and authority to receive service of process for any and all matters relating to or arising from the Principal's application before the Department of Energy ("DOE") for the renewal and extension of its existing authorization to transmit electric energy from the United States to Canada, filed with the DOE pursuant to 10 C.F.R., § 205.300 *et seq* on January 5th, 2011.

IN WITNESS WHEREOF, the Principal has caused this Limited Power of Attorney to be executed on this 5th day of January, 2011.

Ontario Power Generation Inc.

By: Bruce Boland

Bruce Boland

Senior Vice President, Corporate Affairs

Subscribed and Sworn before me on this 5th day of January, 2011.

Peter D. Janak
Notary Public in and for the Province of Ontario
My Commission never expires.